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IV. THE CONSEQUENCES OF SWEDEN'S POSITION TO THE NATO POWERS AND THE USSR.

25. During Peacetime. The chief consequence of Sweden's "non-alliance" policy is that it hampers the development of adequate Scandinavian defenses and leaves Scandinavia highly vulnerable to Soviet attack. Sweden's non-adherence to NATO limits advance military planning and coordination, denies Sweden full access to NATO advice and assistance, and hampers NATO ability to press Sweden to strengthen its own defenses. On the other hand, Sweden's growing military potential and determination to resist already constitute some deterrent to aggressive Soviet actions. Sweden's East-West trade controls already parallel those of the European NATO countries. Moreover, Soviet policy toward Finland is probably somewhat restrained by a desire not to force Sweden closer to the West. Swedish adherence to NATO would be considered by the USSR as a further step toward Western "encirclement" and would undoubtedly increase international tensions. Although it would almost certainly not be considered as a casus belli by the USSR, it might lead the USSR to retaliate against Finland, perhaps by reducing it to satellite status.

26. In event of War. The consequences of Sweden's position during wartime would vary according to the military strength of the NATO powers and the resultant willingness of the USSR to undertake a Scandinavian campaign. If war came during the period of NATO weakness, and before Norway in particular was adequately defended, we believe that the USSR would make an early effort to secure the valuable base sites on the Norwegian coast. So long as the USSR considered that it could successfully occupy Norway without going through Sweden

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and that it could rely on Sweden's remaining neutral, it would probably see distinct advantages in observing Swedish neutrality. The USSR could thus avoid: (a) the necessity of diverting large forces to cope with the Swedish defenses; (b) damage to Swedish industry and facilities as a result of the fighting; and (c) the necessity of garrisoning Sweden and of coping with Swedish guerrilla warfare.

27. If Sweden remained neutral while Norway was occupied, it would be almost wholly isolated and its considerable exports to the West cut off. Under these circumstances, it would probably be forced to yield progressively to Soviet pressures and to re-orient its trade toward the Soviet bloc. If the USSR would provide the necessary raw materials Sweden could be forced to make a valuable contribution to the Soviet war economy.

28. On the other hand, wartime Swedish neutrality, ~~as expected by the USSR~~, would deprive the USSR of the most direct avenues of attack against Norway, or, should it succeed in occupying Norway, of its most direct line of communications to its Norwegian bases. [REDACTED]

[REDACTED] it would probably give refuge to fleeing Danish and Norwegian forces; and it might be used as a base for resistance activities in Norway, Denmark and Finland. For these reasons the USSR might well consider that an initial attack via Sweden was essential to the success of its Scandinavian campaign.

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29. If Sweden were attacked, or if it declared war as a result of a Soviet attack on Norway, the USSR would be compelled to employ substantially larger forces and overall Scandinavian defense capabilities would be increased. During 1952 at least, it seems unlikely that the Swedish and NATO forces would be capable of more than a delaying action, although isolated parts of Norway might be held. Over a period of several years, however, Swedish and NATO defense capabilities might have developed to the point where the addition of Swedish forces to those of NATO would enable large areas of Scandinavia to be held against Soviet attack.

30. Once overall NATO defense capabilities had grown substantially, the USSR might not undertake an early Scandinavian campaign. Under these circumstances, Sweden could no longer be wholly isolated from the West, and would almost certainly remain neutral. By this time the USSR would probably look upon Swedish neutrality as advantageous, since a neutral Sweden would screen the Soviet Baltic flank and would prevent the NATO powers from making offensive use of Swedish bases.

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